

**Gateway Area Development District
Water Management Council Meeting**

June 25, 2012

1:30 p.m.

Gateway Area Development District Office
MMRC Industrial Park
Morehead, Kentucky

Water Management Council Members

Rick Fletcher, Mt. Sterling Water & Sewer
Jerry Patrick, Rowan Water
Jeff Fultz, Cave Run Water Commission

Mike Nickell, Morehead Utility Plant Board
Travis McKinney, Jeffersonville Water
Billy Ray Fawns, Judy Water Association

Guests

Joe Burns, Kentucky Rural Water Association
Tony Harover, HMB Professional Engineers, INC

Lisa Daniels, Summit Engineering
Alan Robinson, Eclipse Engineers

Gateway Area Development District Staff

Joshua A. Farrow, GIS/Planning Specialist
Decelia J. Mullins, Community Planner

Jocelyn Gross, Project Administrator

Meeting Notes

Joshua Farrow called the meeting to order and welcomed those in attendance. All Water Management Council members and guests introduced themselves and their affiliation.

The first item on the agenda was the review and approval of the February 27, 2012 meeting notes. A motion was made by Rick Fletcher and seconded by Billy Ray Fawns. The motion carried unanimously.

Decelia Mullins, with Gateway Area Development District invited all utilities in attendance to the Special Districts State Auditor Workshop to be held at the Gateway ADD office, on July 10, 2012. Decelia informed the group that Adam Edelen, Kentucky State Auditor, will be in attendance and stressed the importance of coming. An email inviting all water and wastewater utilities in the region was sent on June 19, 2012, along with a request to RSVP by Friday, June 29.

The next item on the agenda was the review and council endorsement of any new or revised water/wastewater projects.

The Council reviewed and approved the following project Revision:

Mount Sterling Water and Sewer
WX21173129 – System Valve Stem Replacement

Project Description: This project will involve the replacement of 7 existing settling basin valves and stems that are currently difficult to operate. These valves allow for the

draining of settling basins located at the WTP during routine cleaning operations. The project will also add a skim coat. This will be accomplished by adding additional concrete to eliminate short circuiting in the basin. Based on current pricing, an additional valve and skim coat can be implemented into the project.

Mike Nickell moved and Billy Ray Fawns seconded. The council voted to unanimously approve the project revision.

The Council reviewed and approved the following new project:

Morehead Utility Plant Board

WX21205027 – Paint US 60 Water Tank

Project Description: This project will inspect, clean, sterilize, and paint the US 60 water tank.

Rick Fletcher moved and Jerry Patrick seconded to approve the new project. The motion carried unanimously.

Next, guest speaker, Joe Burns, with the Kentucky Rural Water Association, discussed the importance of annual rate analysis. In the past, grant moneys were plentiful and low interest loans were common. However, utilities must now succumb to the realization of having rate increases to pay for projects. It is estimated that there is a \$31 billion gap between current funding levels and water infrastructure needs. In order to meet these needs, rates will have to be increased by 100%.

Joe stated that due to demographics (extending service to less densely populated areas is more expensive), ignoring problematic aging infrastructure, putting off repairs, and having to use money to fix other problems are some of the reasons future infrastructure costs are constantly increasing.

When reviewing water and wastewater rates, it is important to consider the demand the customer type (e.g. residential, industrial, etc.) places on the system. Also, know the peak demands for your water and wastewater treatment plants.

It is important to educate utility administration, boards, councils, and commissioners that government funding is a thing of the past and water rates will have to increase to keep up with rising treatment and infrastructure maintenance costs. Many loan-funding options require utilities to charge cost-based rates to ensure that the utility is able to repay the loan money. Customers must also be educated so that they are aware of the work required to get water from the source to the tap or wastewater from toilet to the stream. Joe went on to discuss several ways to keep customers involved, such as treatment plant tours, customer appreciation day, or setting up a booth at community functions (e.g. county fair, career day at local schools, etc.).

Joe also discussed ways to find money, which are outlined below:

- Collect outstanding accounts and enforce shutoff policies

- Reduce Leaks
- Make sure meters are working
- Update fees, deposits, and charges
- Send bills timely
- Find and stop thieves
- Buy supplies in bulk
- Add new customers
- Run pumps and blowers at off-peak hours to save electricity costs
- Invest wisely – Borrow wisely

In closing, Joe said low-cost funding is becoming harder to obtain and utilities will have to begin looking at low interest rate loans as a way to finance necessary projects. Utilities must be run like a business in order to maintain current infrastructure needs. It is imperative to have a good relationship with your customer base and educate them on changing treatment and testing procedures.

Rick Fletcher, with Mount Sterling Water and Sewer, gave an update on the Valve Stem Replacement Project at the water treatment plant. He stated that the project had come in under budget.

With no further business to discuss, a motion to adjourn was made by Billy Ray Fawns, and was seconded by Rick Fletcher. The Council voted unanimously to adjourn at 3:16 p.m.

These minutes are respectfully submitted by:



Joshua Farrow, Gate way Area Development District

7/3/2012

Date